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CWFP Project Priority List
CWFP IUP

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Loan Interests

Clean Water Fund Program SFY 2004 Funding Policies

Jeanne Cargill

Below are the proposed funding policies for administering the Clean Water Fund Program (CWFP) for State Fiscal Year (SFY) 2004. The funding policies will be effective for SFY 2004 (July 1, 2003 through June 30, 2004).

- Present value subsidy (PV) is the financial control used to limit the amount of CWFP financial assistance. The total amount of PV estimated to be available for the 2003-2005 biennium is \$92,400,000. Fifteen percent of this amount or \$13,860,000 would be set aside for hardship financial assistance. The estimated hardship PV limit for SFY 2003 is \$8,787,240 or 85% of the biennial hardship PV amount. This limit is based on projected wastewater needs and financial assistance to be provided in SFYs 2003 and 2004.
- Hardship PV will be allocated to municipalities in the fundable range based on amounts shown in the applications and current information at the time the hardship financial assistance funding list is published. If a municipality's cost estimates increase between the time the list is published and the time the Financial Assistance Agreement is prepared, and there is insufficient unallocated hardship PV remaining to fund the increase with hardship financial assistance, the

municipality may receive funding for the additional costs at the non-hardship interest rate specified for the type of project being constructed.

- The department may provide partial hardship funding to the last project in the SFY 2003 fundable range if the CWFP does not have enough hardship PV available to fully fund the project. Any partially funded project can compete in a future fiscal year for additional hardship PV.
- The fair share objectives for utilization of minority business and women business enterprises (MBE/WBEs) are as negotiated with the Environmental Protection Agency in March 2003. A municipality receiving CWFP monies must either:
 - 1) utilize MBEs for 3% or more of the cost of its project and utilize WBEs for 4% or more of the cost of its project; or
 - 2) certify that a good faith effort was made to achieve these goals.

If you have questions related to these funding policies, contact Jeanne Cargill at (608) 267-7587 or cargij@dnr.state.wi.us. ☐

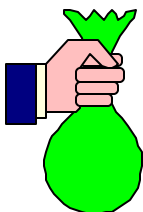
CWFP SFY 2004 Project Priority List

Dan Olson

Attached to this newsletter is the State Fiscal Year (SFY) 2004 Project Priority List for the Clean Water Fund Program

(CWFP). The list contains all CWFP projects eligible to submit an application for SFY 2004 funding. The projects are sorted in descending order by priority score. In the case of tie scores, the project serving the higher population is considered the higher priority. Projects that did not submit a Priority Evaluation and Ranking Form (PERF) by December 31, 2002 received a priority score of zero.

If you have questions regarding the CWFP Project Priority List, contact Dan Olson at (608) 267-9638 or olsondj@dnr.state.wi.us. ☐



Adequacy of Financial Systems

Ed Brinson

As a lender, the Environmental Improvement Fund (EIF) has an interest in ensuring that municipalities have an adequate system of financial management. This includes an adequate accounting system, user charge/collection system, management reporting system, records retention system and customary information related to the specific project being financed by the EIF. Municipalities are expected to maintain their books in accordance with Generally Accepted Accounting Principles or another comprehensive basis of accounting for governmental units. The following are some very general comments on this topic.

Management Oversight

The Utility needs a reliable method of reporting financial information to its governing body so that informed and

timely decisions can be made relative to the Utility. At least quarterly, the oversight body should be provided financial information so that any unusual or adverse financial trends can be identified and analyzed and appropriate action can be taken. The earlier a problem is identified, the more likely the oversight body will have reasonable time and options to deal with it. At a minimum, the quarterly financial information should include:

- Revenue & expense statement
- Cash balances in funds & accounts
- Delinquent billings/accounts
- Comparison of actual revenue/expenses to budgeted revenues/expenses
- Highlight of unusual charges during the quarter

Annual Budget

Section 65.90, Wis. Stats., requires that municipalities prepare an Annual Budget. The Annual Budget is the mechanism through which needs of the Utility going forward must be periodically considered. The process of preparing an annual budget helps to ensure that everyone knows what the operating plan is for the upcoming year and that adequate funding will be available to carry out the plan.

User Charge System

The DNR Financial Assistance Agreement that is executed as part of the EIF loan closing, requires that the Municipality's User Charge System be reviewed at least every two years. The Municipality may need to review and update the User Charge more frequently if changes are occurring within the service area or if its financial projections are not being realized. In general, the governing body should be monitoring the user charges to ensure that the system is fair and equitable and that the revenues being generated are sufficient to cover operating expenses and debt payments and debt coverage on its revenue bonds.

Compliance with Bond Covenants

In the Municipality's bond resolution authorizing the bond/notes that secure the EIF loan, there are various covenants that the Municipality has with the holders of its bonds. These covenants should be periodically reviewed by the Municipality to ensure compliance. One of the typical revenue bond covenants is that the Municipality

Calendar of Events

April 30, 2003

**Postmark deadline
SDWLP applications**

June 30, 2003

**Postmark deadline
CWFP Hardship applications**

will generate a certain level of debt coverage (usually 110% to 125%) each year. The Municipality, or its accountant, should perform this calculation to see if the debt coverage requirement is being met on a year-to-year basis.

Record Retention

The Municipality should establish a record retention schedule for the records of the Municipality. Section 19.21, Wis. Stats., addresses this subject. In developing the record retention schedule, the Municipality should consider the needs of the various parties that typically request information, such as the IRS, State of Wisconsin, CPAs, EPA, etc. The Financial Assistance Agreement executed by the Municipality and the State calls for a minimum retention of construction project records for a period of the later of: a) 3 years from the date of project

completion, or b) resolution of all appeals, disputes, or litigation pertaining to the project.

Information Sources for Financial Management

The municipality's CPA or financial advisor can assist with questions regarding financial management. In addition, the municipal attorney and municipal trade groups can provide guidance in this area. ☐

LRLP Updates

Maureen Hubeler

Budget

In the most recent budget proposal from the governor, the Land Recycling Loan Program (LRLP) was not given additional funding. The LRLP was allocated \$20,000,000 when the program started in 1998, and as of today's date, there is \$10,125,946 remaining. All these remaining funds have been allocated to the State Fiscal Year (SFY) 2003 funding list.

Application

DNR is currently revising the LRLP application form. It will be available for download on the Environmental Loans web pages

(<http://www.dnr.state.wi.us/org/caer/cfa/EL/Forms/forms.html>) sometime in May. If you would like a copy of the revised application mailed to you when it is available, contact Deb Olson at (608) 266-5889 or olsond1@dnr.state.wi.us.

Application deadline dates for the LRLP are described in the funding policies.

Funding Policies

Below are the proposed SFY 2004 funding policies for administering the Land Recycling Loan Program (LRLP). The funding policies will be effective from July 1, 2003 through June 30, 2004.

The LRLP statute (s. 281.60(5), Wis. Stats.) states: "The department shall establish at least 2 application deadlines each year." Section 281.60(8), Wis. Stats., further states that "The department shall establish a funding list for each fiscal year that ranks projects of eligible applicants..." In order to meet these dual requirements of two application deadlines and a single funding list, DNR and DOA will employ the following process:

The first application deadline date established for the upcoming fiscal year is October 1, 2003. Applications submitted by this date will be used to establish the SFY 2004 funding list. The funding list will be published in late December 2003. If funds are available, they will be allocated to this funding list (subject to the restriction that no more than 40% of the funds may be allocated to projects for landfill remediation).

The second application deadline date will be February 1, 2004. Applications received by this date will be added, in priority order, to the bottom of the December 2003 funding list. Any remaining funds will be allocated to applications meeting this deadline in priority order, again subject to the 40% landfill restriction.

There is no guarantee there will be any funds available for the October 1, 2003 or the February 1, 2004 applications. No additional funds are included in the 2003-05 Executive Budget. All remaining funds for the LRLP have been allocated to projects on the SFY 2003 funding list. If any of these projects does not proceed on a schedule that would allow it to close on a loan by December 31, 2003, the funds will be released and allocated to the December 2003 funding list.

If funding is allocated to an eligible project and the loan is not closed within twelve months after publication of the funding list, the funds must be allocated

to another project. Projects listed on the December 2003 funding list will have until December 2004 to close the loans. Any projects allocated funding after the February 2004 deadline will have twelve months from the date of allocation to close on loans.

The LRLP received fourteen Notice of Intent to Apply forms for SFY 2004 funds totaling \$18,763,960. Of these fourteen projects, eight of them totaling \$14,655,960 are on the current SFY 2003 funding list.

The amount of present value subsidy for the LRLP included in the 2003-05 Executive Budget is equal to \$12,000,000, but this amount could be adjusted before the governor signs the budget. No eligible applicant may receive more than 25%, or \$6,382,979, of this established amount of present value subsidy.

If you have any questions related to the LRLP or these funding policies, contact Maureen Hubeler at 608-266-0849 or maureen.hubeler@dnr.state.wi.us ☐



Hardship Assistance Application Deadline

Jeanne Cargill

June 30, 2003, is the deadline for submitting applications for State Fiscal Year 2004 hardship financial assistance from the Clean Water Fund Program.

Your municipality must receive facilities plan approval **prior to** application submittal. If your facilities plan is not yet approved, please work

with your DNR plan reviewer to be sure the plan can be approved prior to June 30.

In order to be considered complete, your application for hardship assistance must include plans and specifications and various other documents as defined in s. NR 162.43, Wis. Adm. Code. The first page of the application form includes a checklist of items that must be submitted along with the completed application form. You can obtain a copy of the application form from our website at

<http://www.dnr.state.wi.us/org/caer/cfa/EL/Forms/forms.html>) or contact Deb Olson at (608) 266-5889 or olsond1@dnr.state.wi.us.

If you have questions regarding hardship financial assistance, please contact Jeanne Cargill at (608) 267-7587 or cargij@dnr.state.wi.us, or check out the hardship financial assistance pages on DNR's website at <http://www.dnr.state.wi.us/org/caer/cfa/EL/Section/hardship.html>. φ

(SRF) capitalization grant and required state matching funds, as well as the undisbursed funds remaining from the FFY 2000, 2001, & 2002 grants. The IUP is a part of Wisconsin's capitalization grant agreement package for FFY 2003 SRF funds and covers anticipated activity during SFY 2004.

If you have questions regarding the CWFP Intended Use Plan, contact Becky Scott at (608) 267-7584 or Rebecca.Scott@dnr.state.wi.us φ



CWFP Intended Use Plan

Becky Scott

Wisconsin's State Fiscal Year (SFY) 2004 Intended Use Plan (IUP) is attached. The IUP indicates the intended use of the Federal Fiscal Year (FFY) 2003 State Revolving Fund